



A MESSAGE FROM THE MAYOR

January 2009

It is difficult to believe that we are entering our fourth year since demerging from the City of Montreal. In June 2008, after two years of negotiations, Bill 22 was enacted by the Quebec government following an agreement between the province, the City of Montreal and the demerged cities. We expected important financial relief and more control over our local affairs from this agreement. We did get back the right to issue one tax bill for all services, agglomeration and local, and have the City of Westmount pay its share of island wide costs to Montreal. We regained full responsibility for arterial roads and we were relieved of financial responsibility for a number of facilities in Montreal which were truly not regional in nature. Unfortunately, much of the expected savings from all of this were consumed by increases in the 2009 Agglomeration budget, although Westmount did benefit to the tune of \$1.2 million reduction in our Agglomeration payment. In 2008, we also took legal steps to recover the approximate \$21.4 million that we contend the City of Montreal owes Westmount from our merged years. Though we cannot say what the outcome of this will be, we must budget responsibly and not count on its payment to balance our budget

The principal elements of the budget are as follows:

	<u>2008</u>	<u>2009</u>	
Delivery of Local Services	\$ 27,884,000	\$ 29,153,600	(+4.5%)
Montreal Metropolitan Community assessment	\$ 1,174,000	\$ 925,900	(-21.1%)
Debt Service & Financing Costs	\$ 3,840,100	\$ 3,877,300	(+1.0%)
Pay-as-you-go Financing	\$ 2,000,000	\$ 2,500,000	(+25.0%)
Contingency & Recoverables	\$ 624,600	\$ 600,500	(-3.9%)
Future Fringe Benefits	\$ 663,500	\$ 943,200	(+42.2%)
Sub-total	\$ 36,186,400	\$ 38,000,500	(+5.0%)
Quote-part (Agglomeration)	n.a.	\$ 40,620,400	n.a.
Reserve	n.a.	\$ 1,200,000	n.a.
Total		\$ 79,820,900	

Explanation of increases from 2008 to 2009:

Delivery of local services: Five main reasons explain the 4.5% increase in local services for 2009, some of which are one time costs.

1. The labour component and related costs increased by 3.3% which includes 2.3% for the statutory increases and fringe benefits (particularly group insurance) and 1.0% for additional personnel.
2. The City-wide deployment of the kitchen compost program.
3. The increase in costs for contracts for snow removal, salt and recycling collection.
4. The costs associated with the upcoming elections in November 2009.
5. The increases in certain items such as professional development, graffiti removal, asphalt and street signs.

Debt service and financing costs remain a preoccupation; they have increased by 1.0% as compared to 2008. Despite our having paid off the last of our premerger debt of \$2.9 million in 2008, the residual effect of forced mergers was a huge increase in our debt load which is now \$37.1 million including the “forced” purchase of the water network and the annual capital expenditures from 2002 to 2008! As promised, Council has taken steps to manage the financing of this debt such that it doesn’t cripple us or dramatically increase the tax burden to residents. We will also be increasing pay-as-you-go financing from \$2.0 million in 2008 to \$2.5 million in 2009 to further reduce the reliance on borrowing for capital works projects.

Capital works projects contemplated for 2009 will total \$7.3 million. This includes \$5.3 million for roads, buildings, parks and related projects, \$0.8 million for water and sewer network upgrading, and \$1.2 million for Hydro Westmount infrastructure.

Revenues in 2009 will total \$79.8 million which is generated from four sources: property taxes (\$66.7 million combining Agglomeration and Westmount) other revenues from local sources (\$6.9 million), profits from Hydro Westmount (\$1.6 million), and transfer payments and compensation in lieu of taxes (\$4.6 million).

Local property taxes in 2009 will see a modest increase (1.0%) for the average home

HISTORICAL TAX PORTRAIT OF AN AVERAGE WESTMOUNT SINGLE FAMILY DWELLING			
YEAR	AVERAGE TAXABLE VALUATION	MILL RATE (PER \$100 VALUATION)	TAX BILL
2001	\$ 483,230	\$ 1.2800	\$ 6,185
2007	\$ 819,680	\$ 0.4551 (Westmount) \$ 0.7449 (Agglomeration)	\$ 9,836
2008	\$ 887,360	\$ 0.4252 (Westmount) \$ 0.7111 (Agglomeration)	\$ 10,083
2009	\$ 951,153	\$ 1.0707	\$ 10,184

Non residential property owners will see an average increase of 4.5% as will apartments of six units and more (3.9%). This is due to the fact that the previous agglomeration tax apportionment favoured these categories and transferred a larger burden to the residential sector.

This year, Westmount’s tax bill will be due on two dates, March 2nd, and June 1st. The new property valuation roll which went into effect in 2007 will be in place until 2011 and includes an overall increase of 36.1% on property values. This increase is being “phased in” over a 4-year period to diminish the annual impact. We are now in the 3rd year of this phase-in.

Conclusion: In 2009, we will continue to seek equity in our arrangements with the Agglomeration. While we have always agreed to pay our fair share, we are still being charged for services which we do not receive. We will continue to negotiate a more equitable sharing of costs.

While we must operate wisely in these times of economic uncertainty, fully expecting a downturn in the housing market, we must, where necessary, maintain and replace our aging infrastructure particularly in our water and sewer networks. The question of the renewal of our arena and pool facility is one we, as a community, are in the process of addressing. This may well be the best time to improve such infrastructure with a project which will add to the overall value of our City. All this must, however, be balanced with our ability to carry the debt which comes with such endeavours. We will be working with all levels of government to maximize the availability of grants to help underwrite such expenses.

With all of this, I must reiterate the benefits we continue to derive from being an independent city. We have significantly more flexibility to manage both our financial affairs and our delivery of service than we had when we were merged. In late 2008, we signed our first collective agreement with our blue collar workers since our demerger from Montreal. This gives us a six and a half year agreement that is tailored to Westmount and allows us to offer our services in an efficient and cost effective way. We still have a long way to go to approach the level of autonomy we knew before merger and the fairness in cost-sharing we deserve. With the continued support of Council and of you, our residents, I will continue to strive for that.

Yours truly,



Karin Marks
Mayor